

**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515

Testimony of Congressman Tom Malinowski (NJ-07) before the Helsinki Commission  
November 18, 2021

***Confronting Kremlin and CCP Corruption***

Senator Cardin, Congressman Cohen, Senator Wicker, Congressman Wilson, and Commissioners. Thank you for inviting me to testify today on Congressional efforts to fight kleptocracy. We owe particular thanks to the Helsinki Commission for leading this fight, for your persistence in exposing how corruption and kleptocracy threaten our national security by empowering dictators and weakening democracy.

As you know, I have spent much of my career fighting for human rights around the world, trying to protect the most vulnerable from torture and abuse by authoritarian rulers. As a human rights advocate and later as Assistant Secretary for Democracy, Human Rights, and Labor, it became clear to me that corruption empowers and keeps in power the enemies of human rights. Dictators use the money they steal to pay off supporters, corrupt police, and seize control of legitimate businesses. I also learned that when we issued statements about human rights abuses, dictators would *sometimes* take note—but when we went after their ill-gotten money, they *always* noticed.

So if you want to protect the most vulnerable victims of the Chinese and Russian governments, one of the most effective methods is go after the corruption-enabled wealth of those regimes' officials and economic enablers. Confronting corruption is also the best way to align ourselves with public sentiment in authoritarian countries. When the United States government goes after the repressive policies of leaders like Xi and Putin, they can sometimes appeal to nationalistic sentiment to rally their people against us. But no one in Russia or China or any other country tolerates bribery, or government officials getting rich and stashing their ill-gotten gains abroad; there is overwhelming public support around the world for the United States and our allies enforcing laws and norms against amassing and hiding illicit wealth.

In that context, we should recognize that the United States has not done nearly enough to ensure we are not a safe haven for dirty money. Russian kleptocrats, CCP-affiliated businessmen, and crooks from all over the world often try to bring their money to the US and other Western countries where the rule of law will keep it safe. This undermines our moral authority to fight corruption abroad. The dirty money can also inflate real estate prices, influence elections, and promote urban decay.

As a member of Congress, I have tried to help build a bipartisan consensus around this issue. In June, we founded the Caucus against Foreign Corruption and Kleptocracy with 7 Democrats and 7 Republicans, including Representative Maria Salazar who is here with us today.

I will highlight just a few of our initiatives. They can largely be grouped into two categories:

1. Efforts to expose and blacklist kleptocrats, exposing their misdeeds and seizing stolen funds.
2. Working to fix US laws that sometimes help crooks hide their money and move it through our communities.

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**1. Efforts to expose and blacklist.** These efforts start from the premise that by amplifying the corruption that underpins these dictatorships, we will empower opponents while helping push US policy to tackle these sources of funding. A few examples include:

- **Combating Global Corruption Act:** With Representative Salazar, I led the House version of Senator Cardin's bill which would shape US policy by ranking countries according to an anti-corruption metric—similar to the way that we look at countries under the religious freedom laws. For example, this law would expose how China uses state-owned enterprises to bribe their way to market monopolies in Africa.
- **Justice for Victims of Kleptocracy Act:** I led this bill with Representative John Curtis, which would require the Justice Department to more publicly report on funds stolen by dictators around the world that have been frozen by the US government. In Russia, that official acknowledgment would add to efforts by the peaceful opposition to research and expose extravagant purchases by Putin's inner circle.
- **Navalny 35 Sanctions:** I led an effort with Representative Curtis, Senator Cardin, and Senator Wicker to place into the NDAA a mandatory sanctions review for the 35 kleptocrats that Russian anti-corruption activist Alexei Navalny has identified. These are all individuals linked to the patronage networks that keep Putin's cronies in power.

I am grateful to Senator Cardin, Congressman Cohen, Senator Wicker, Congressman Wilson, and the Helsinki Commission—including the commission's anti-corruption Policy Advisor Paul Massaro—for their efforts to advance these and several other bills, which we are working to enact through the National Defense Authorization Act.

**2. Fixing US laws that enable kleptocrats.** Our second line of effort addresses the fact that the United States remains a top destination for kleptocrats' dirty money. Last year, we enacted the establishment of a beneficial ownership registry, but America's out-of-date money laundering regulations continue to draw crooks. As the recent *Pandora Papers* exposed, dictators, criminals, and their cronies continue to hide dirty money in the US through real estate, trusts, private investment funds, and other vehicles not subject to the same due diligence requirements as banks.

- **Enablers Act.** In response, I introduced a bipartisan bill a few weeks ago with Representative Salazar that would close these loopholes. It would simply extend obligations to non-bank institutions to do basic due diligence to ensure the funds they handle on behalf of clients are not the proceeds of crime or corruption. Of course, the overwhelming majority of businesses here are legitimate and most American companies know their customers—so this would only impose a burden on the tiny portion of advisors and lawyers that would no longer be allowed to turn a blind eye to potentially suspicious origins of foreign investments.

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There is much the executive branch must do to tackle kleptocracy—and I am happy to see that the Biden administration is approaching foreign corruption as a top-tier national security threat. However, Congress has a big role to play in pushing for transformative reforms and in shaping interagency conversations on these issues. So I am proud of these important proposals and so happy that the Helsinki Commission has taken such a bold lead in highlighting the risks that kleptocracy poses to our interests around the world.